



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1614 (1951)

June 29, 1987

Subject:

Processing of Reschedules and
Reamortizations of Partially
Set-Aside Loans

To:

All State Directors, State
Directors-at-Large, State Office
Automated Data Processing (ADP)
Coordinators, District Directors, and
County Supervisors, FmHA

Purpose/Intended Outcome:

The purpose of this administrative notice (AN) is to provide clarification on the preparation of documents, remittance of payments, and information provided on the transaction records for the rescheduling/reamortization of notes which have been partially set-aside.

Comparison with Previous AN:

This AN supplements the provisions of FmHA AN No. 1485 (1951) dated October 21, 1986.

Implementation Responsibilities:

Accounting system software changes, being developed to allow processing of reschedules and reamortizations of partially set-aside loans through field office terminals, are scheduled for end of July 1987 implementation. Until software changes have been made, the documents should continue to be held by the office that will ultimately have responsibility for processing them to the automated system.

EXPIRATION DATE: September 30, 1987

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-A



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture Washington, D.C. 20250

1. Document Preparation - Form FmHA 1965-22, Information on Assumption on New Terms or Other Change of Terms, should be completed according to the forms manual insert. See Attachment 1. If the documents are to be forwarded to the State Office for processing, notate "Partially Set-Aside" at the top of the form. The automated processing system has the capability to recognize the set-aside portion of the loan being rescheduled/reamortized. Form FmHA 1965-22, Item 15, Total Principal and Interest Assumed, should include the total amount of the note balances of the non set-aside portion of the loan (unpaid note principal, unpaid advance principal, accrued interest note, and accrued interest advance from the borrower account status screen) plus the note balances of the set-aside portion of the loan (debt set-aside loan amount minus debt set-aside offset from the borrower account status screen). See Attachment 1A. This total must agree with the principal sum (items 12 and 13) on the new Form FmHA 1940-17, Promissory Note. See Attachment 2.

Do not submit a Form FmHA 1951-6, Borrower Account Description Flag. It is not necessary to cancel debt set-aside to process the rescheduling/reamortization of the partially set-aside loan. The original debt set-aside agreement remains in effect; therefore, the partial set-aside amount will be transferred to the new loan number by the automated processing system.

New installments should be computed based on the new balances and terms of the agreement. Installment calculation should not include partial set-aside amounts until 1 year after the expiration of the debt set-aside. The installments due after the debt set-aside expiration date must also be recalculated.

Partially set-aside loans cannot be consolidated.

2. Remittance of Payments - After the effective date of the rescheduling/reamortization and prior to the processing of the transaction to the computer, payments to be applied to the partially set-aside loan should be remitted in the following manner.

The payment should be recorded on a Form FmHA 451-2, Schedule of Remittances, using a Miscellaneous Collection code 03, Payment on Transfer Closed and Enroute for Processing (Assumption Agreement). See Attachment 3. In addition, the following annotation should be typed on the Form FmHA 451-2 to alert Finance Office accounting technicians to place the payment in the automated cash suspense system.

Partially set-aside loan to be rescheduled or reamortized effective (MMDDYY). Place this payment in cash suspense.

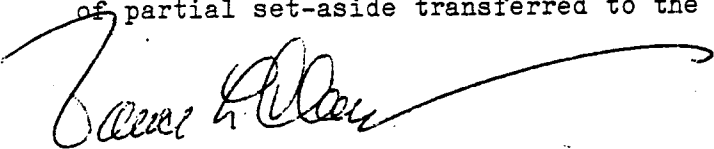
1614(1951)

3

When the rescheduling/reamortization has processed, it will serve as a "trigger" transaction. It will trigger the release of payments from the automated cash suspense system for automatic application to the loan established by the rescheduling/reamortization. Once the rescheduling/reamortization of the partially set-aside loan has processed, payments may be remitted as normal collections.

Payments on other loans the borrower may have should continue to be submitted as normal collections.

3. Transaction Records - Transaction records for the rescheduling/reamortization transaction (1M) will contain a legend indicating the amount of partial set-aside transferred to the new loan.



VANCE L. CLARK
Administrator

4 Attachments

1. PUNCH
NAME
AND
ADDRESS

ASSUMPTION AGREEMENT (NEW TERMS)						CHANGE OF TERMS									
2. <input checked="" type="checkbox"/> ELIGIBLE TERMS (1) <input type="checkbox"/> INELIGIBLE TERMS (2)			3. <input type="checkbox"/> FULL AMOUNT OF DEBT <input type="checkbox"/> LESS THAN FULL AMOUNT OF DEBT			4. <input type="checkbox"/> RE-SCHEDULE (a.) <input type="checkbox"/> CONSOLIDATE (b.) <input checked="" type="checkbox"/> REAMORTIZE (c.)			<input type="checkbox"/> ACCELERATED REPAYMENT AGREEMENT (d.) <input type="checkbox"/> LIMITED RESOURCE INTEREST RATE CHANGE ONLY (e.)						
5. Transferee Case Number 500040001225600						6. Kind 		7. Vet. 0		8. Race 1		9. Final Year 18		10. Effective Date 012787	
11. OK to Apply Code R		12. Fund Code 29		13. Loan No. 		14. Interest Rate 075000		15. Total Principal And Interest Assumed 7249498				16. Capitalized Interest Code 1			
17. Transferor Case Number 500040001225600						26. Farmer Program (Operating Type Credit)									
						Installments		Date		Type					
						4900		010188		1					
						4900		010189		1					
						4900		010190		1					
						5208		010191		1					
						6132		010192		2					
18. Fund Code 29						19. Loan No. 20		20. Loan No. 		21. Loan No. 		22. Loan No. 		23. Loan No. 	
24. Loan No. 						25.a. Entire Debt (1)		25.b. Interest Remaining (2)		25.c. Interest & Principal Remaining (3)					
REAL ESTATE															
27. First Installment						Due Date Type									
28. Second/Subsequent Installment						Due Date Type									
29. Interest Credit 						30. Type Payment 		For FO Use Only		31. Transferor Name JOHNSTON RONALD					
LIMITED RESOURCE INTEREST RATE CHANGE															
35. Fund Code 						36. Loan Number 									
37. Effective Date 						32. Transferee Name and Address									
38. New Interest Rate 						Zip Code 33. No. 34. State									
39. Lender Borrower Released From Liability YES NO															
40. SIGNATURE						TITLE									

TERM NBR	231	OPR ID	247	ACCOUNT INFORMATION			
CNUM	50-004-0001225600	NAME	JOHNSON, RONALD	STDT	012787	ACDT	012787
FOOD	2920	LNUM	20	KCOD	21	DUED	00
		FMCD	0	FLAG	DSA2	FPCD	ZSPC
DEFL	000000	DEXD	000000	DECL	000000	DFLA	.00
		DFCA	.00	DFCA	.00	SPCL	0
DSED	092785	DSXD	092790	DSCD	000000	LSAA	14,670.00
		DSLO	200.00	CSDT			
DOLN	092785	AMED	000000	APDT	DCCA	ICRC	INRI
							7.5000
ZDLP	011287	ZDLR	012687	RGT2	01	LRDT	102786
						RGTI	02
						INR2	7.5000
XAON	58,181.28	XAOA		RCCT	.00	EPMT	200.00
PTC1	370.12	PTC3		QPCR	370.12	CICR	
ICRT	6,594.88	INCR		QICR	6,594.88	QNIC	
SSTS	150.00B	SSC3		QSST	150.00B	MICE	ICCD
							0
UNPN	57,811.16	UNPA		QUPR	57,811.16	YICE	NUMO
UNIN	213.82	UNIA		QUIN	213.82	YNIC	QDEL
DACN	14.2548	DACA		QDIN	14.2548	MOIN	
UPAM		UPUN		FC10	44,849.52	QMTI	
UIAM		UIUN		FCIN		QTMI	
STAM		ZADI		ZEDI		ZAAI	
XAIC		PTC2		CYIC		AVIR	
XANI	5,542.00	ZDNI	010188	JTOI	1	STIN	PNSR
STAN		STAA		QSTA		ICDF	
MADN	5,692.00	MADA		QMDU	5,692.00	ICGR	
CASE NUMBER:	50 004	0001225600	STATUS	TYPE:	AI	LOAN:	20
				ACDT:			

1614(1951)

Item 15, Total Principal and Interest Assumed (Form FmHA 1965-22)/Items 12 and 13, Principal Sum
(Form FmHA 1940-17)

Portion of loan note set-aside:

Unpaid note principal	UNPN	\$57,811.16
Unpaid advance principal	UNPA	0
Total unpaid principal	QUPR	<u>\$57,811.16</u>
Accrued interest note	UNIN	\$ 213.82
Accrued interest advance	UNIA	0
Total unpaid interest	QUIN	<u>\$ 213.82</u>

Portion of loan set-aside:

Debt set-aside loan	LSAA	\$14,670.00
minus Debt set-aside		
loan offset	DSLO	<u><200.00></u>
		<u>\$14,470.00</u>
Total principal and interest amount		<u><u>\$72,494.98</u></u>

1614(1951)

USDA-FmHA
Form FmHA 1940-17
(Rev. 6/85)

PROMISSORY NOTE

Name RONALD JOHNSTON		KIND OF LOAN Type: <u>EE</u> <input type="checkbox"/> Regular <input type="checkbox"/> Limited Resource Pursuant to: <input type="checkbox"/> Consolidated Farm & Rural Development Act <input checked="" type="checkbox"/> Emergency Agricultural Credit Adjustment Act of 1978
State Arkansas	County Dewitt	
Case No. 500040001225600	Date 01-27-87	
Fund Code 29	Loan No. Not Available	
		ACTION REQUIRING NOTE <input type="checkbox"/> Initial loan <input type="checkbox"/> Rescheduling <input type="checkbox"/> Subsequent loan <input checked="" type="checkbox"/> Reamortization <input type="checkbox"/> Consolidation & subsequent loan <input type="checkbox"/> Credit sale <input type="checkbox"/> Consolidation <input type="checkbox"/> Deferred payments

FOR VALUE RECEIVED, the undersigned Borrower(s) and any comakers jointly and severally promise to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government"), or its assigns, at its office in Little Village Mall, PO Box 569,
72042, or at such other place as the Government may hereafter designate in writing, the principal sum of 98
Seventy-two thousand four hundred ninety-four and 100 dollars
 (\$ 72,494.98), plus interest on the unpaid principal balance at the **RATE** of

Seven and one-half percent (7½ %) per annum. If this note is for a Limited Resource loan (indicated in the "Kind of Loan" box above) the Government may **CHANGE THE RATE OF INTEREST**, in accordance with regulations of the Farmers Home Administration, not more often than quarterly, by giving the Borrower thirty (30) days prior written notice by mail to the Borrower's last known address. The new interest rate shall not exceed the highest rate established in regulations of the Farmers Home Administration for the type of loan indicated above.

Principal and interest shall be paid in 31 installments as indicated below, except as modified by a different rate of interest, on or before the following dates:

\$ <u>4,900</u>	on January 1, 19 <u>88</u> ;	\$ _____	on January 1, 19 _____;
\$ <u>4,900</u>	on January 1, 19 <u>89</u> ;	\$ _____	on January 1, 19 _____;
\$ <u>4,900</u>	on January 1, 19 <u>90</u> ;	\$ _____	on January 1, 19 _____;
\$ <u>5,208</u>	on January 1, 19 <u>91</u> ;	\$ _____	on January 1, 19 _____;
\$ _____	on January 1, 19 _____;	\$ _____	on January 1, 19 _____;
\$ _____	on January 1, 19 _____;	\$ _____	on January 1, 19 _____;

and \$ 6,132 thereafter on January 1st of each year until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable 30 years from the date of this note, and except that prepayments may be made as provided below. The consideration for this note shall also support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan funds shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval by the Government will be given provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown in the Record of Advances at the end of this note. Borrower authorizes the Government to enter the amount(s) and date(s) of such advance(s) in the Records of Advances.

For each rescheduled, reamortized or consolidated note, interest accrued to the date of this instrument shall be added to principal and such new principal shall accrue interest at the rate evidenced by this instrument.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest accrued as of the date of receipt of the payment and then to principal.

Attachment 3

50 | 04

1	1	1
---	---	---

Miscellaneous Collections

U.S. DEPARTMENT OF COMMERCE